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The Aluminum Situation

DEPARTMENT OF ECONOMICS AND STATISTICS **AUGUST 1988**

INDUSTRY SHIPMENTS INCREASE 1.0%

Total industry net shipments for the first six months of 1988, reported at 8,185 million pounds, were up 1.0 percent from the six month 1987 total of 8,105 million pounds.

Domestic shipments of 7,435 million pounds were down 1.3 percent from the six month 1987 total of 7,531 million pounds.

Exports of ingot and mill products of 749 million pounds were up 30.6 percent from the first six months of 1987 while imports declined 10.4 percent for the same period.

THRU JUNE 1988

	1988 6 Mos.	1987 6 Mos.	% Change
Mill Products	6,726	6,555	2.6
Ingot	1,459	1,550	-5.9
Total	8,185	8,105	1.0
Less Exports	749	574	30.6
Domestic Total	7,435	7,531	-1.3

Figures in Millions of Pounds
Source: Bureau of the Census
U.S. Department of Commerce

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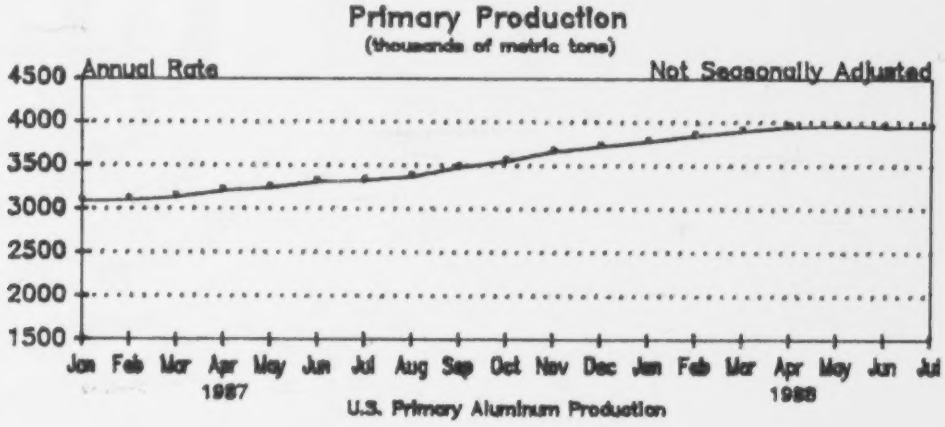
PRIMARY PRODUCTION DAILY RATE 10,759 METRIC TONS

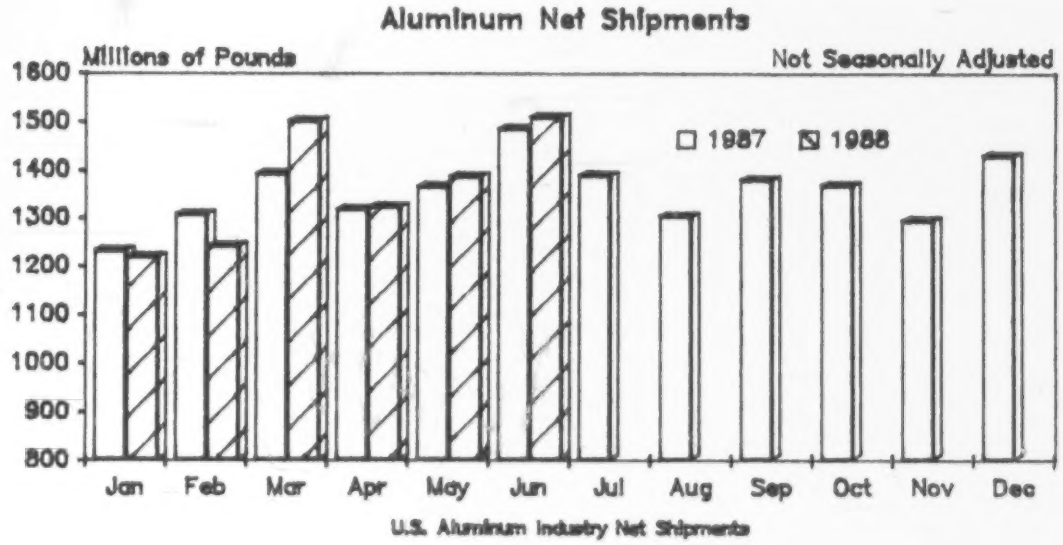
U.S. Primary aluminum production averaged 10,759 metric tons daily during July 1988. This compares with an average of 9,106 metric tons a day in July 1987 and 10,768 metric tons a day in June 1988. The annual rate of production in July 1988 was 3,937,711 metric tons compared with 3,323,725 metric tons in July 1987 and 3,941,222 metric tons in June 1988. Actual production in July 1988 was 333,522 metric tons.



Aluminum Association total industry estimates are based on information reported by members, which is aggregated by the Association and then expanded to total industry data utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. While the Association believes that its statistical procedures and methods are reliable, it does not warrant the accuracy or completeness of the data. All data contained herein are subject to revision.

INDUSTRY NET SHIPMENTS INCREASE 1.0 PERCENT

Total industry net shipments for the first six months of 1988, reported at 8,185 million pounds, were up 1.0 percent from the six month 1987 total of 8,105 million pounds. Domestic shipments of 7,435 million pounds were down 1.3 percent from the six month 1987 total of 7,531 million pounds.

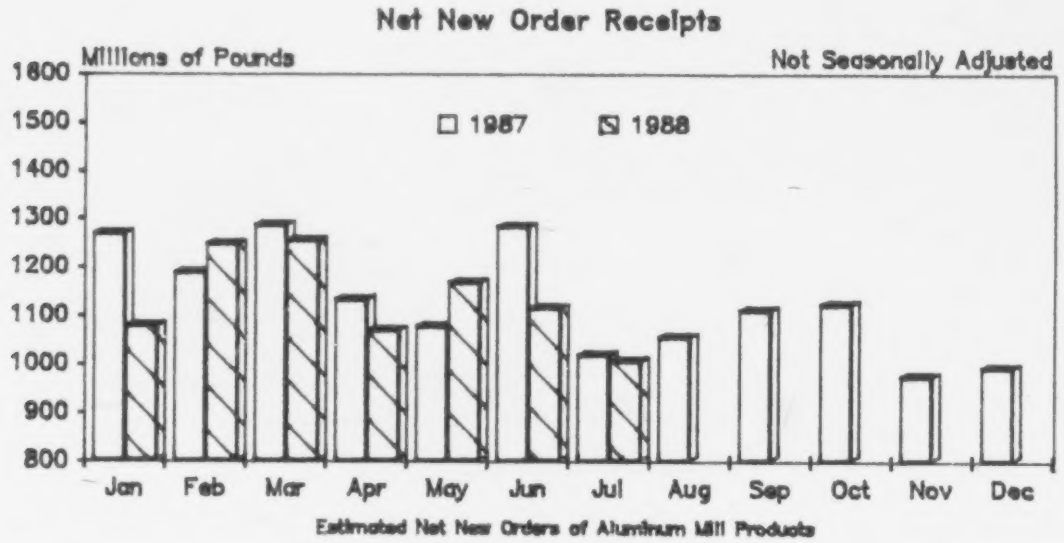


NET SHIPMENTS (Millions of Pounds)	1988 June	1987 June	1988 6 Mos.	1987 6 Mos.	% Change 1988 vs 1987
Sheet	652.6	675.7	3,557.5	3,534.1	0.7
Plate	31.0	23.4	155.2	136.9	13.4
Foil	87.9	76.9	480.2	436.8	9.9
Rod,Bar & Wire	17.3	30.8	151.0	180.5	-16.4
Elec. Conductor	63.3	61.1	350.2	311.5	12.4
Extruded Shapes,Tube	250.7	254.7	1,411.4	1,377.2	2.5
Powder & Paste	7.4	9.6	40.8	45.9	-11.1
Forgings & Impacts	13.7	14.6	87.3	78.9	10.7
Net Imports of Mill Products (Total) (a)	77.4	73.3	492.4	453.1	8.7
Total Mill Products	1,201.2	1,220.2	6,725.9	6,555.0	2.6
Ingot (b)	308.8	266.5	1,459.0	1,549.8	-5.9
TOTAL INDUSTRY SHIPMENTS	1,510.0	1,486.7	8,184.9	8,104.8	1.0
Exports	168.0	95.7	749.4	573.9	30.6
TOTAL DOMESTIC SHIPMENTS	1,342.0	1,390.9	7,435.5	7,530.9	-1.3

Source: Bureau of the Census, U.S. Department of Commerce
(a) Not included in product data above.

NET NEW ORDER RECEIPTS DOWN 3.8 PERCENT

Estimated net new order receipts of aluminum mill products for seven months of 1988, totaling 7,938 million pounds, dropped 3.8 percent from the six month 1987 total of 8,250 million pounds. Total net new orders of aluminum mill products for the month of July 1988 decreased to 1,007 million pounds, down 9.7 percent from the June 1988 total of 1,116 million pounds.



ORDER RECEIPTS
(Millions of Pounds)

	1988 July	1987 July	1988 7 Mos.	1987 7 Mos.	% Change 1988 vs 1987
Sheet & Plate, Other	325.3	403.6	2,740.9	3,228.7	-15.1
Can Stock	359.0	231.3	2,438.4	2,150.8	13.4
Foil	70.4	82.5	608.3	616.3	-1.3
Bar, Rod & Wire	35.5	20.2	265.9	231.2	15.0
Electrical Conductor	45.1	55.6	440.4	382.7	15.1
Extruded Shapes & Tube	152.0	204.4	1,296.0	1,481.7	-12.5
Powder & Paste	8.7	8.7	57.5	67.9	-15.3
Forgings & Impacts	10.9	12.9	90.2	90.9	-0.8
Total Mill Products	1,006.9	1,019.2	7,937.6	8,250.2	-3.8

Source: The Aluminum Association estimates total industry orders (including orders for imports) based on weekly reports by members of new orders (less cancellations) received. The Association expands these data to total industry utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. Weekly data are available on a subscription basis.
(a) Domestic only. Orders for imports of Can Stock are included in Sheet and Plate, Other.

PRODUCER INVENTORIES DECREASE 137 MILLION POUNDS

Producer inventories decreased in June 1988 to a total of 4,251 million pounds. This represents a 137 million pound decline from the May 1988 level of 4,388 million pounds.

Month-End Aluminum Producer Inventories
By Type of Producer
(Figures in Millions of Pounds)

	Total	Ingot	Scrap	All Other
March	4,388	1,467	567	2,354
April	4,423	1,413	614	2,396
May	4,388r	1,354r	607r	2,427r
June	4,251	1,356	654	2,241

Source: Bureau of the Census, U.S. Department of Commerce.
(r) Revised

CUSTOMER INVENTORIES REPORTED AT 36.4 DAYS

Respondents to the Association's Customer Inventory Survey reported that their Average Days Inventory as of June 30, 1988 was 36.4, up 1.3 percent from May 1988.

Month-End Aluminum Consumer Inventories
(Average Number of Days)

March	36.5
April	35.4
May	35.9
June	36.4

Source: Aluminum Association - Customer Inventory Position Survey

U.S. Imports & Exports
(Millions of Pounds)

		1988 June	1987 June	1988 6 Mos.	1987 6 Mos.	% Change 1988 vs 1987
Imports	Mill Products	79.7	85.3	506.0	508.6	-0.5
	Ingot	176.8	266.4	1,229.7	1,428.6	-13.9
	Total	256.5	351.6	1,735.7	1,937.2	-10.4
	Scrap (+ dross)	38.0	40.0	229.1	221.4	3.4
	Grand Total	294.5	391.6	1,964.8	2,158.6	-9.0
Exports	Mill Products	72.4	63.6	417.4	322.4	29.5
	Ingot	95.7	32.2	332.0	251.5	32.0
	Total	168.0	95.7	749.4	573.9	30.6
	Scrap	106.2	73.2	464.3	412.6	12.5
	Grand Total	274.2	169.0	1,213.7	986.5	23.0
Net Imports		20.3	222.7	751.1	1,172.1	-35.9

Source: Bureau of the Census, U.S. Department of Commerce.